



**STATE OF TENNESSEE  
DEPARTMENT OF COMMERCE AND INSURANCE**

Third Party Administrator Licensing  
500 James Robertson Parkway, 4<sup>th</sup> Floor  
Nashville, Tennessee 37243-1135  
(615) 741-2636

**THIRD PARTY ADMINISTRATORS (TPA)  
LICENSING PACKET**

ALL APPLICATIONS, FORMS AND FEES  
SHALL BE MAILED TO THE FOLLOWING ADDRESS:  
Tennessee Department of Commerce and Insurance  
Third Party Administrator Licensing  
500 James Robertson Parkway, 4<sup>th</sup> Floor  
Nashville, Tennessee 37243-1135

## **THIRD PARTY ADMINISTRATORS (TPA) LICENSING PACKET**

For additional information, refer to the Department's website at  
**[www.state.tn.us/commerce](http://www.state.tn.us/commerce)**

- **APPLICABLE TENNESSEE INSURANCE LAWS – ADMINISTRATORS**

[Available at [www.michie.com](http://www.michie.com) , jurisdiction: Tennessee]

- TITLE 56 – INSURANCE
  - CHAPTER 6 – AGENTS, SOLICITORS AND ADMINISTRATORS
    - PART 4 – ADMINISTRATORS
      - §56-6-401 “Administrator” defined
      - §56-6-402 Agreement required – Records – Terms
      - §56-6-403 Payments handled by administrator
      - §56-6-404 Recordkeeping requirements
      - §56-6-405 Advertising
      - §56-6-406 Administrator’s duties as fiduciary
      - §56-6-407 Payment of claims
      - §56-6-408 Administrator’s compensation not contingent on claims experience
      - §56-6-409 Notice to insured persons – Notice to persons purchasing coverage
      - §56-6-410 License requirements
      - §56-6-411 Waiver of license requirements
      - §56-6-412 Federally regulated trusts

- **REQUIREMENTS FOR FILING A NEW LICENSE APPLICATION**

- Administrator Application Form
- Non-refundable Application Review Fee of \$100.00
- Articles of Incorporation (or Partnership Agreement)
- Proof of Fidelity Bond
- List of Officers and Directors, with Biographical Affidavits
- Written Administrative Services Agreement with Insurer
- Financial Statements
- List of States Where Applicant Currently Holds License or Conducts Business

- **REQUIREMENTS FOR FILING A LICENSE RENEWAL APPLICATION**

- Non-refundable Application Review Fee of \$50.00
- Proof of Fidelity Bond
- Financial Statements
- Any and All Amendments to the Previous License Filings

- **ADMINISTRATOR LICENSE APPLICATION FORM**

## • REQUIREMENTS FOR FILING A NEW LICENSE APPLICATION

The following items are required to be submitted when applying for a new Administrator license in the state of Tennessee:

- 1. Administrator License Application Form (“Application for License, Administrator of Life and/or Health Insurance”)**
  - a. Must bear original signatures and notarization.
  - b. Must bear the street address, not a post office box.
- 2. Non-refundable Application Review Fee of \$100.00**
  - a. Payable to: Tennessee Department of Commerce and Insurance.
  - b. This Department reserves the right to charge a retaliatory fee equal to the fee charged in the applicant's state of domicile.
- 3. Articles of Incorporation (or Partnership Agreement)**
  - a. Must be certified by the Secretary of State, in the state of domicile.
  - b. Must bear the original certification (not a photocopy).
  - c. Must be in the name of the applicant company.
- 4. Proof of Fidelity Bond**
  - a. The Deductible amount, coverage amount, and policy period must be indicated on the certificate. “Until Canceled” is not sufficient to demonstrate the fidelity bond is currently in force.
  - b. The deductible may not exceed 10% of applicant's Net Worth (total admitted assets minus total liabilities), which shall be verified by the financial statement submitted with the application.
  - c. The coverage must be for a minimum of \$100,000.00.
  - d. The bond must be of type Fidelity, Crime, Theft, or Dishonesty.
  - e. A Surety Bond or an Errors & Omissions Bond (E&O) is insufficient coverage / unacceptable.
  - f. A Financial Institution Bond may be acceptable, provided the coverage is shown to include Crime, Theft, or Dishonesty.
- 5. List of Officers and Directors, with Biographical Affidavits**
  - a. All biographical affidavits must be thoroughly completed with original signatures and notarization.
  - b. The NAIC biographical affidavit form is acceptable.  
[Available at [www.naic.org/ucaa/forms/forms.htm](http://www.naic.org/ucaa/forms/forms.htm) , “NAIC Biographical Affidavit” links]
- 6. Written Administrative Services Agreement with Insurer**
  - a. Must be executed (signed by both Administrator and Insurer).
  - b. Must contain the provisions of TCA §56-6-404 through §56-6-408. The contractual compliance with each of these laws must be clearly denoted by the applicant within the written agreement (annotation within the document margin is acceptable). If any of these laws do not apply to the applicant, submit a written statement explaining why the law does not apply to the functions performed by this administrator.
- 7. Financial Statements**
  - a. Must be no more than six (6) months older nor thirty (30) days younger than the application in process.
  - b. Must not demonstrate a negative Net Worth.
  - c. Must be audited by a CPA, or attested to by a company officer or partner. If attested, the attestation must refer to the financial statements by date (i.e., “statements for the period ending December 31, 2001”), and must not be a photocopy.
  - d. Must be in the name of the applicant seeking the Administrator license, or if consolidated statements, must state separately the amounts of the applicant.
- 8. List of States Where Applicant Currently Holds License or Conducts Business**

Upon successful review of the application, the applicant will be issued a Certificate of Authority to act as an Administrator in the state of Tennessee. **THE LICENSE MUST BE RENEWED ANNUALLY.** If the license is not renewed **BEFORE** the expiration date, the Administrator will be removed from the list of Licensed Administrators and a new license application in its entirety will be required (see “REQUIREMENTS FOR FILING A LICENSE RENEWAL APPLICATION”).

## • REQUIREMENTS FOR FILING A LICENSE RENEWAL APPLICATION

**IMPORTANT: NO RENEWAL REMINDER NOTICES WILL BE SENT.** It is the responsibility of the Administrator to submit a complete and correct renewal application to this Department annually before the Administrator's license expires. There will not be any exceptions or extensions given to submit the application, correct errors or complete an incomplete application. If the license is not renewed before the expiration date, the Administrator will be removed from the list of Licensed Administrators and a new license application in its entirety will be required. All required items must be submitted to the satisfaction of this Department before the expiration date. A renewal license will not be granted until the Tennessee Department of Commerce and Insurance approves all required items. The required items are listed below:

### 1. Non-refundable Application Review Fee of \$50.00

- a. Payable to: Tennessee Department of Commerce and Insurance.
- b. This Department reserves the right to charge a retaliatory fee equal to the fee charged in the Administrator's state of domicile.

### 2. Proof of Fidelity Bond

- a. The Deductible amount, coverage amount, and policy period must be indicated on the certificate. "Until Canceled" is not sufficient to demonstrate the fidelity bond is currently in force.
- b. The deductible may not exceed 10% of Administrator's Net Worth (total admitted assets minus total liabilities), which shall be verified by the financial statement submitted with the application.
- c. The coverage must be for a minimum of \$100,000.00.
- d. The bond must be of type Fidelity, Crime, Theft, or Dishonesty.
- e. A Surety Bond or an Errors & Omissions Bond (E&O) is insufficient coverage / unacceptable.
- f. A Financial Institution Bond may be acceptable, provided the coverage is shown to include Crime, Theft, or Dishonesty.

### 3. Financial Statements

- a. Must be no more than six (6) months older nor thirty (30) days younger than the application in process.
- b. Must not demonstrate a negative Net Worth.
- c. Must be audited by a CPA, or attested to by a company officer or partner. If attested, the attestation must refer to the financial statements by date (i.e., "statements for the period ending December 31, 2001"), and must not be a photocopy.
- d. Must be in the name of the Licensed Administrator, or if consolidated statements, must state separately the amounts of the Licensed Administrator.

### 4. Any and All Amendments to the Previous License Filings (see "REQUIREMENTS FOR FILING A NEW LICENSE APPLICATION")



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Third Party Administrator Licensing  
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**APPLICATION  
FOR  
LICENSE ADMINISTRATOR  
OF LIFE AND/OR HEALTH INSURANCE**

COMMISSIONER OF COMMERCE AND INSURANCE, NASHVILLE, TN

On behalf of \_\_\_\_\_,  
(Name of Person, Company, Corporation, Partnership, Association or other Legal Entity)

with principal office of: \_\_\_\_\_  
(Street Address)

\_\_\_\_\_  
(City) (State) (Zip)

I hereby apply for a LICENSE authorizing and empowering the above entitled

\_\_\_\_\_  
(Name of Person, Company, Corporation, Partnership, Association or other Legal Entity)

to act as an administrator pursuant to TCA §56-6-401 through §56-6-412. Should the above entitled

\_\_\_\_\_  
(Name of Person, Company, Corporation, Partnership, Association or other Legal Entity)

have an office in Tennessee, its location is hereby recorded as:

\_\_\_\_\_  
(City) (State) (Zip)

FURTHERMORE, \_\_\_\_\_,  
(Name of Person, Company, Corporation, Partnership, Association or other Legal Entity)

hereby certifies that:

1. The applicant shall not act as an administrator without a written agreement between the administrator and the insurer, and such written agreement shall be retained as part of the official records of both the insurer and the administrator for the duration of the agreement and five (5) years thereafter;
2. Such written agreement shall contain provisions which include the requirements of §56-6-404 - §56-6-408, except insofar as those requirements do not apply to the functions performed by the administrator;
3. Where a policy is issued to a trustee or trustees, a copy of the trust agreement and any amendments thereto shall be furnished to the insurer by the administrator and shall be retained as part of the official records of both the insurer and the administrator for the duration of the policy and five (5) years thereafter;
4. The agreement between administrator and insurer shall make provision with respect to the underwriting or other standards pertaining to the business underwritten by such insurer;
5. Whenever an insurer utilizes the services of an administrator under the terms of a written contract as required in §56-6-402, the payment to the administrator of any premiums or charges for insurance by or on behalf of the insured shall be deemed to have been received by the insurer, and the payment of return premiums or claims by the insurer to the administrator shall not be deemed payment to the insured or claimant until such payments are received by the insured or claimant;

6. Where the services of an administrator are utilized, the administrator shall provide a written notice approved by the insurer, to insured individuals, advising them of the identity of and relationship among the administrator, the policyholder and the insurer;
7. The applicant has not had a previous application for an insurance license denied for cause within the past five (5) years;
8. The applicant has not had any professional, vocational or business license denied, suspended, revoked or restricted by any public authority in this or any other state, nor has such license been subjected to a monetary fine by any public authority or been withdrawn or surrendered to avoid disciplinary action;
9. The applicant has not had any judgment rendered against it in any court of any jurisdiction of the United States for its activities relating to the transaction of business as an administrator;
10. The applicant has not been declared insolvent or discharged from bankruptcy within the past five (5) years;
11. None of its officers and directors have been convicted in a criminal proceeding (excluding minor traffic violations) within the past 10 years;
12. The applicant has not had an insurance company cancel an administrative services agreement for any financial reason other than non-production, and;
13. The applicant is the following type of entity (check one):
  - a. Individual \_\_\_\_\_
  - b. Corporation \_\_\_\_\_
  - c. Partnership \_\_\_\_\_
  - d. Association \_\_\_\_\_
14. This application is to obtain a license to contract as an administrator with the following entity (check all that apply):
  - a. Commercial insurer \_\_\_\_\_
  - b. TennCare Program \_\_\_\_\_
  - c. TennCare Partners Program \_\_\_\_\_

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)

Subscribed and sworn before me, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

\_\_\_\_\_  
(Notary Public)

My commission expires \_\_\_\_\_ of \_\_\_\_\_, 20\_\_\_\_\_

(seal)